

# Southwest Florida Economic Outlook

April 2024

## 1st Quarter 2024 Outlook

The regional economy continued to track upward during the first quarter of 2024, as evidenced by the latest indicators available. Southwest Florida's three regional airports served 4.5 million passengers in the first quarter of 2024, up 18 percent from 2023 and higher than any of the other first quarters on record for the region. Year-to-date seasonally-adjusted tourist tax revenues also improved in February, increasing 14 percent from 2023 to 2024. Despite the improvement in tax revenues, total revenues generated so far in 2024 were still 21 percent below 2022. The labor market in Southwest Florida has shown minimal changes during this first quarter with seasonally-adjusted unemployment rates remaining relatively stable alongside a high labor force participation rate. At the state level, the Job Openings and Labor Turnover Survey (JOLTS) numbers suggest hires and quits seemingly cancelling each other out.

The supply of housing in Southwest Florida, measured by the residential active listings, has rebounded to pre-pandemic levels, suggesting a potential recovery from the effects of Covid-19 and a more balanced real estate market. The focus on the real estate market has shifted to housing attainability, particularly concerning rising insurance rates following Hurricane Ian which resulted in many insurers leaving the Florida market. While more insurance companies are slated to enter the market, their effects will most likely not be felt in the short term.<sup>1</sup> The number of single-family building permits in the region has increased by 18 percent since last year driven by increased construction and rebuilding efforts post-hurricane. Entering peak sales season, existing single-family home sales saw a 78 percent increase since the end of the fourth quarter of 2023.

The Consumer Price Index (CPI) for both Miami-Ft. Lauderdale-West Palm Beach and Tampa-St. Petersburg-Clearwater continued to track down during the first quarter of 2024. Nationally, CPI was measured at 3.5 percent in March 2024 and has remained in the 3 to 4 percent range for the past nine months. Recent sticky inflation may result in the Federal Open Market Committee (FOMC) not lowering the Federal Funds rate, leading to higher interest rates for an extended period of time. This negative outlook was reflected in the March Florida Consumer Sentiment, which ticked down for the first time in five months. The decrease in the Expectations of Personal Finances in the Future has led to the decline this past month. The pessimistic outlook of personal finances is may be translating in the local taxable sales which remain low with a 5 percent month over month decrease from January to February 2024.

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<sup>1</sup> Heidler, S. (2024, April 8). *8 new home insurance companies approved to enter Florida market*. MSN. <https://www.msn.com/en-us/money/insurance/8-new-home-insurance-companies-approved-to-enter-florida-market/ar-BB115YHZ>

The SWFL Stock Market Index gained 4.3 percent during the first quarter of 2024, driven by Industrials and Financials, while improving from its prior year Q1 gain of 3.1 percent. The index underperformed the Dow Jones by 1.8 percent and the S&P 500 Equal Weight Index by 3.6 percent over the same period. First quarter 2024 earnings season kicked off in mid-April when Herc Holdings Inc. (HRI) reported EPS of \$2.36, beating estimates by 9.8 percent but flat year-over-year. We remain vigilant of Hertz Global Holdings (HTZ) as they are expected to report EPS losses of -\$0.45, which represents a -215 percent decline from the year prior.

Observations from the latest data include:

- The **seasonally-adjusted unemployment rate** for Southwest Florida was 3.6 percent in March 2024, up 0.1 percentage points from the prior month and 0.5 percentage points over March 2023.
- **Residential active listings** in Southwest Florida were up 98 percent from March 2023 to March 2024. For comparison, Florida was up 57 percent over the same period. The recent spike in listings is in line with normal shifts in the real estate market and is expected to come down during the summer months.
- **Existing single-family home sales** in the region increased 2 percent in March 2024 from the same month last year. All the coastal counties had month-to-month increases in home sales of at least 26 percent, with Lee County leading at 40 percent, as it is the peak season for home sales.
- **Single-family building permits** in Southwest Florida were down 16 percent since February 2024, but 18 percent above the March 2023 measure. Compared to Southwest Florida, the state experienced a 2 percent decline in permits since last year.
- The **Tampa-St. Petersburg-Clearwater Consumer Price Index** increased 3.7 percent from March 2023 to March 2024. Other goods and services and medical care outpaced the rest of the components, rising 8.2 and 6.4 percent respectively.
- The **Florida Consumer Sentiment** increased by 1.3 points from March to April 2024. On the other hand, **U.S. Consumer Sentiment** fell 2.2 points over the same period.
- The **SWFL Stock Market Index** declined 5.6 percent in April 2024, compared to the 0.42 percent gain a year ago. The index underperformed both the Dow Jones and the S&P 500 EW by 2.0 and 0.8 percent, respectively. Investors remain vigilant amid recent economic data showing sticky inflation, while markets have decreased their expectations of rate cuts this year.

*More information for Southwest Florida, including interactive charts showing the latest regional economic indicators can be found on the RERI website at <https://www.fgcu.edu/reri/>*